

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement
Portions of AB 117 Concerning Community
Choice Aggregation.

Rulemaking 03-10-003
(Filed October 2, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING
MODIFYING SCHEDULE AND OUTLINING WORKSHOP ISSUES**

1. Summary

This ruling summarizes a recent workshop conducted by Commission staff regarding certain cost issues affecting potential Community Choice Aggregators (CCA) in the proceeding. It schedules additional workshops and suspends the hearing schedule pending the parties' informal discussions on cost issues.

2. January 14, 2004 Workshop

The Commission staff conducted a workshop in this proceeding on January 14 that addressed issues relating to cost issues, primarily the cost elements of the Cost Responsibility Surcharge (CRS) required by Assembly Bill (AB) 117. The workshop successfully provided a forum for parties to understand and comment on the power purchase costing model used by the Department of Water Resources (DWR) which provides the foundation for the direct access CRS. Parties agreed to review an updated version of this model that will include the cost components required by AB 117 in determining the CCA CRS. This updated CCA CRS model may be used as the basis for determining a CRS charged to CCAs. The parties agreed that additional workshops on this topic and costs related to other CCA services and transactions would be useful. They agreed that the hearings currently scheduled to begin March 18 should be removed from

the Commission's calendar and rescheduled to provide the parties additional opportunities to explore costing issues informally. The parties also agreed that the Commission should solicit briefs on topics relating to the AB 1x baseline residential rate cap and its applicability to CCAs.

By changing the schedule in this proceeding, this ruling modifies the scoping memo issued December 4, 2003, and the Administrative Law Judge's (ALJ) ruling dated December 12, 2003.

3. Topics for 3rd Workshop on CRS and Related Costing Issues

The Commission will conduct a 3rd workshop in this proceeding on February 26. The purpose of that workshop will be to continue to promote the parties' understanding of the CRS model and the development of a CRS tailored to CCAs. Issues that may be addressed in the workshop include:

- Allocation of CRS by service territory, CCA and customer class;
- CRS cost components and relevance to CCAs;
- Ongoing modifications to the CRS to reflect changing costs;
- Utility procurement rules and obligation to serve;
- Renewable Portfolio Standard and applicability to CCAs.

Prior to the workshop, Commission staff has agreed to work with DWR and the parties to develop sensitivity analysis using DWR's CRS model. As that work progresses, Commission staff may distribute to parties a more specific agenda for the February 26 workshop. The Commission encourages the parties to find common areas of understanding and agreement and to develop stipulations and settlements where possible.

4. Implementation and Transaction Costing Issues

Rulemaking 03-10-003 anticipated that utility Rules 22 and 25 would serve as the foundation for utility service offerings to CCAs. At the January 14 workshop, the utilities stated their view that these tariffs need to be brought up to date because they have not been modified since 1997. These tariffs reflect the transaction costs incurred by utilities in providing services for Direct Access programs. Parties agreed that these tariffs, as currently adopted, are useful as a starting point for discussion but do not fully reflect the services that CCAs will need from utilities. Parties agreed that the utilities should prepare modified tariffs that would draw upon Direct Access Rules 22 and 25 and would seek to efficiently and expediently meet their service obligations to CCAs. The draft tariffs would include cost estimates for discussion purposes. The Commission plans to subsequently conduct a workshop to identify and, where possible, resolve related issues.

This ruling directs Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to distribute those proposals and exemplary draft tariffs to interested parties no later than March 5 and to be prepared to discuss them in a subsequent workshop.

5. Modified Procedural Schedule

The Commission will remove the March 18 hearings from its calendar and reschedule those hearings for May. Testimony submitted by the utilities for those hearings should identify areas of common agreement on costing issues even if the parties present no formal settlement or stipulation to the Commission. Although the Commission encourages the parties to work collaboratively in this proceeding and will be accommodating in ways that promote cooperation, the Commission will conduct evidentiary hearings where the parties do not resolve

factual controversies informally and on a schedule that will permit the timely resolution of this rulemaking.

The procedural schedule in this proceeding is modified as follows:

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| 3 rd Workshop on CRS costing issues | February 26, 2004 |
| Utility distribution of service proposals and exemplary tariffs corresponding to Rules 22 or Rule 25 | March 1, 2004 |
| Workshop on implementation and transaction cost issues | March 12, 2004 |
| Utility reports to Commission on informational requirements of CCAs and prospective CCAs | January 30, 2004 (no change) |
| Comments on Utility reports regarding information requirements | February 13, 2004 (no change) |
| Opening testimony on CRS and other Cost Issues | April 15, 2004 |
| Reply testimony on CRS and other Cost Issues | April 30, 2004 |
| Rebuttal Testimony on CRS and other cost issues | May 10, 2004 |
| Evidentiary hearings on costing issues | May 24-27, 2004 |
| Opening briefs for costing issues and impacts of AB 1x baseline rate cap on CCA program | June 18, 2004 |
| Reply briefs for costing issues | June 30, 2004 (submittal of Phase 1) |
| ALJ draft decision in Phase 1 | August 2004 |
| Final Commission order in Phase 1 | September 2004 |
| Prehearing Conference on Phase 2 issues | October 2004 |

The schedule for Phase 2 will be determined for Phase 2 after the second prehearing conference and following issuance of a Phase 1 decision.

IT IS RULED that:

1. The modified schedule for Phase 1 of this proceeding is set forth in this ruling.

2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall distribute proposed tariff modifications and service proposals to parties in this proceeding by March 1, 2004, and consistent with this ruling.

3. Evidentiary hearings on costing issues are scheduled in this proceeding to begin May 24, 2004, at 10 a.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco.

4. Hearings previously scheduled for March 18, 2004 are removed from the Commission's calendar.

5. The Commission hereby schedules a workshop in this proceeding on the Cost Responsibility Surcharge costing issues on February 26 at 10 a.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco.

6. The Commission hereby schedules a workshop in this proceeding on utility tariffs at 10 a.m. on March 12, 2004, at 10 a.m. in San Francisco at a location to be announced.

7. The utilities shall collaborate on issues relating to costs, transactions, service offering, and other implementation issues under the active supervision of the Commission staff and the assigned administrative law judge, consistent with this and any other Commission rulings and orders.

Dated January 29, 2004, at San Francisco, California.

/s/ KIM MALCOLM
Kim Malcolm
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Modifying Schedule and Outlining Workshop Issues on all parties of record in this proceeding or their attorneys of record.

Dated January 29, 2004, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.